Our comments fall under the following continuing themes throughout the report:

- **Public Sector Accounting Standards (PSAS)**

  There are several references throughout the report that Ontario does not follow PSAS, which is incorrect as the province does follow PSAS. As evidence for this, the Auditor General's report for 2016-17 notes that the financial statements are in accordance with PSAS, although she qualifies the opinion on two items (a) the accounting for net pension assets of two jointly sponsored pension plans and (b) the recording of market accounts in one of the controlled entities (IESO). See the Auditor General's report for more details here.

  With respect to the net pension assets, the accounting under PSAS is supported by a variety of sources, including the report of an Expert Panel, comprised of highly qualified accountants, actuaries and lawyers. Read the Panel's report here.

  With respect to the accounting for the market accounts, the financial statements of the IESO for 2016 were prepared in accordance with PSAS and received an unqualified (or clean) opinion from KPMG stating that the financial statements are in accordance with PSAS. See the IESO's financial statements for 2016 here.

- **Legislated Accounting**

  There are several references regarding Ontario legislating accounting, which are not accurate.

  For the 2015-16 Public Accounts, the government passed a time-limited regulation prescribing the accounting treatment for net pension assets in order to allow Treasury Board Secretariat and Ministry of Finance officials to sign off on Public Accounts consistent with the fiscal impact of the Auditor General's interpretation of PSAS. This regulation is the only example of where the accounting treatment was legislated, and the legislation did not align with the requirements of PSAS. This time-limited regulation was in place for one year only and was not in place for the 2016-17 consolidated financial statements.

  With respect to the Ontario Fair Hydro Plan Act and its regulations, there are no provisions in that legislation that prescribe the accounting treatment required to be followed by the Province. It is important to distinguish legislating the accounting from legislating the right of the government to recover amounts from specified ratepayers in the future, which in the absence of the legislation, would have been collected from specified ratepayers as the costs were incurred. In addition, the only impacts of the Fair Hydro Plan on the 2016-17 consolidated financial statements of the Province were the 8% rebate on electricity bills that started in January 2018 and funds for a Low Income Affordability Fund. The rebate and the amount transferred to the fund were recorded as expenses of the government and there was no dispute with the Auditor General on these issues. The balance of the Fair Hydro Plan was implemented in July 2017. The accounting for the transactions resulting from the Fair Hydro Plan will be recorded in accordance with PSAS.

- **Date of Public Accounts release**

  There are references throughout the report about Ontario releasing its Public Accounts nine months after year end, which is not accurate. Ontario tabled and released the 2016-17 Public Accounts on September 7, 2017. Please see the news release from September 7, 2017 for more details.

- **Qualifications**

  There are some clarifications required regarding Ontario's qualified audit opinion. For example, on page 10, the report indicates "Ontario is guilty of legislating some aspects of PSAB accounting standards for some of its entities and it has received a qualified audit…"

  The Auditor General's opinion on the 2016-17 consolidated financial statements was not qualified regarding legislating accounting standards. The Auditor General's qualified opinion is based on a different interpretation of PSAS for net pension assets and recognition of the Independent Electricity System Operator's market accounts. For more details on the qualifications please see the AG's Independent Audit Report here.